



State of Wisconsin Income Continuation Insurance FACT SHEET 2001

INCOME CONTINUATION INSURANCE PROGRAM REVIEW

- Created by Wis. Stat. § 40.62.
- Department of Employee Trust Funds and Wisconsin Group Insurance Board (GIB) have statutory authority for program administration and oversight.
- It is a self-insured plan financed by employer and employee premium contributions.
- State agencies perform enrollment and premium collection; claims administration is done by a third party contractor.
- Most of the premium income is allocated to pay benefits, establish reserves, and provide rehabilitative services.

ELIGIBILITY AND ENROLLMENT

- State employees who have been participating in the Wisconsin Retirement System (WRS) for six months.
- Elected officials are eligible immediately.
- University of Wisconsin (UW) Faculty are eligible six months after hire.
- May continue during authorized leave of absence and layoffs.
- Noncancelable except by employee.
- Open enrollment upon hire and attainment of permanent plateaus (reached at 520, 728, 1040+ hours of accumulated sick leave allowing an employee to maintain that premium category even if sick leave subsequently falls below that level, or at one year for UW Faculty).
- Separate optional Income Continuation Insurance program for participating local governments.

BENEFITS

- 75% of gross salary for short-term (first year) and long-term (after one year) “total” disabilities.
- Total disability means inability to perform all of the essential duties of claimant’s occupation (short-term) or inability to perform duties of any substantial gainful occupation for which claimant is qualified (long-term).
- Payable for length of disability or until age 65. (Exception for disabilities beginning at age 62+.)
- Paid after a minimum of a 30 calendar day elimination period (or selected elimination period for UW faculty) or upon exhaustion of accumulated sick leave, up to 130 days, whichever is later.
- May pay the cost of rehabilitative training.
- \$75 supplement added to normal monthly benefit amount beginning with the second year of disability.
- Benefits will not duplicate benefits available from any other state or federal programs (e.g., Wisconsin Retirement System, Social Security, Worker’s Compensation, etc.).

PREMIUM

- Based upon salary and accumulated sick leave or optional elimination periods (UW Faculty).
- Gross premium is computed as a percentage of covered salary.
- State will contribute a portion or pay the total premium for employees who accumulate sufficient sick leave.
- UW faculty who have one year of state creditable service receive 100% state-paid premium contribution based on a 180 calendar-day elimination period.

FINANCIAL STATISTICS

AS OF DECEMBER 31, 2001

Total Assets:	\$74.5 million
Estimated Total Liabilities (Reported Claims + Incurred But Not Reported Claims)	\$55.3 million
Recommended Reserve	15-25% of estimated liabilities

CLAIMS STATISTICS

Paid in 2001 by Year Incurred

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Number of Claims	841	820	535	136
Average Monthly Benefit	\$1,709	\$1,666	\$1,399	\$1,079

Total Paid in Year Ended December 31

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Number of Claims	1,746	2,050	2,080	2,356
Average Monthly Benefit	\$1,478	\$1,313	\$1,242	\$1,231

REVENUES BY TYPE

AMOUNTS IN 1000s

<u>Year</u>	<u>Premiums</u>		<u>Investment Income</u>	<u>Total</u>	<u>Covered Employees</u>
	<u>Employee</u>	<u>Employer</u>			
2001	\$4,685	\$4,087	(\$1,731)	\$7,041	54,839
2000	\$4,348	\$3,774	\$11,000	\$19,122	53,311
1999	\$4,225	\$3,707	\$ 6,330	\$14,262	51,483
1998	\$4,250	\$3,403	\$ 5,514	\$13,167	51,174

EXPENSES BY TYPE

AMOUNTS IN 1000s

<u>Year</u>	<u>Benefits Paid</u>		<u>Other Expenses</u>	<u>Total</u>
	<u>Short-term</u>	<u>Long-term</u>		
2001		\$12,515*	\$ 369	\$12,884
2000	\$4,718	\$3,230	\$1,617	\$ 9,565
1999	\$3,868	\$2,807	\$2,281	\$ 8,956
1998	\$4,098	\$2,999	\$1,954	\$ 9,051

* Total 2001 claims \$12,515,223 (includes taxes). Other expenses (passthroughs, implementation costs, collection fees, advance, etc.) \$369,078.